



PRESS RELEASE

FOR IMMEDIATE RELEASE
February 7, 2003

For Information Contact Public Affairs
PATRICK SCHNEIDER
Telephone: (602) 514-7547
Pager: (602) 356-0207

FOUNTAIN HILLS MAN CHARGED IN “PONZI” INVESTMENT SCHEME AIMED AT THE ELDERLY

PHOENIX, ARIZONA -- The United States Attorney's Office for the District of Arizona announced that on February 6, 2003, a federal grand jury at Phoenix, Arizona, returned a 193 count indictment against ROBERT ROY DILLIE, 47, of Fountain Hills, Arizona.

The indictment alleges that as the head of the Mid-America Foundation, DILLIE diverted cash, securities and other assets to his own personal use that MAF raised from elderly investors through the sale of charitable gift annuities. DILLIE, through MAF, falsely promised these investors that MAF would pay them an annuity, safeguard their investments and, upon their death, transfer the

(MORE)

remainder of their investment to a charity of their choice. Instead, the indictment charges that DILLIE diverted into a hidden account over \$19.2 million of the \$52.9 million raised through the sale of the annuities. It charges that from this account DILLIE gambled away at least \$10.2 million at casinos in Las Vegas, spent \$595,000 toward the purchase of a \$1.5 million house, bought a Mercedes Benz for over \$50,000 and made checks payable to himself for \$619,000. The indictment further charges that the investors lost approximately \$44 million.

The federal indictment charges DILLIE 20 counts of wire fraud, in violation of Title 18 of the United States Code, Section 1343, 35 counts of money laundering through concealing criminal activity, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i), 79 counts of money laundering through promoting criminal activity, in violation of Title 18, United States Code, Section 1956(a)(A)(i) and 59 counts of transacting in proceeds from criminal activity, in violation of Title 18, United States Code, Section 1957.

A conviction for money laundering by concealing or by promoting criminal activity carries a maximum penalty of 20 years, a \$500,000 fine or both. A conviction for money laundering by transacting in proceeds from criminal activity carries a maximum penalty of 10 years, a fine of \$250,000 or both. A

(MORE)

conviction for wire fraud carries a maximum penalty of 5 years, a fine of \$250,000 or both.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was conducted by the Internal Revenue Service's Criminal Investigation division and by the U. S. Postal Inspection Service.

The prosecution is being handled by David Eisenberg, Assistant United States Attorney, District of Arizona, Phoenix, Arizona.

CASE NUMBER: CR-03-115-PHX.

RELEASE NUMBER: 2003-019

#

UNITED STATES DISTRICT COURT

DISTRICT OF ARIZONA

United States of America,

Plaintiff,

v.

Robert Roy Dillie,

Defendant.

CR 03-115-PHX-FJM

INDICTMENT

VIO: 18 U.S.C. § 1343
(Fraud by Wire)
Counts 1 - 20

18 U.S.C. § 1956(a)(1)(B)(i)
(Money Laundering – Concealing
the Proceeds of Unlawful
Activity)
Counts 21 - 55

18 U.S.C. § 1956(a)(1)(A)(i)
(Money Laundering – Promoting
Unlawful Activity)
Counts 56 - 134

18 U.S.C. § 1957
(Money Laundering – Transacting
in Property Derived from
Unlawful Activity)
Counts 135 - 193

18 U.S.C. § 981(a)(1)(C)
28 U.S.C. § 2461(c)
(Forfeiture Allegation)

18 U.S.C. § 982
(Forfeiture Allegation)

THE GRAND JURY CHARGES:

Introduction

1. At all times material to this indictment, the principal individual, entities and terms referred to herein include the following:

a. The defendant ROBERT ROY DILLIE created the Mid-America Foundation (“MAF”), a not-for-profit corporation having its principal place of business in Scottsdale, Arizona. Dillie was the incorporator, president, and executive director of MAF. At the direction of the Defendant ROBERT ROY DILLIE, MAF administered charitable gift annuities (“CGA”). CGAs allow investors to purchase a contract termed an “annuity,” which provides for payments to the investor or an individual of their choice for a specified period of time or until death, after which the remainder of the investment is paid to a charity designated by the investor without having to pay federal gift taxes.

b. MAF signed CGA contracts with investors in which the investors made irrevocable transfers of cash, securities and other assets to MAF, and MAF pledged to safeguard the investor’s principal, to pay the investor or an individual of their choice a fixed, periodic sum having a guaranteed rate of return and to pay the remainder of the investment upon the death of the investor to a charity chosen by the investor. MAF claimed that it would place investor funds in safe investments, to consider the investments as assets of MAF and to account for the annuity payments as a liability that MAF must pay-off under the terms of the contract between it and the investor.

c. The defendant ROBERT ROY DILLIE also created Mid-America Financial Group (“MAFG”) for the purpose of marketing the CGAs. MAFG, a for-profit corporation, concentrated on selling the CGAs, for a fee, to elderly persons who sought safe investments that produced a

steady income for them while they lived and allowed the investment to go to charity upon their death, free of federal gift taxes. MAFG administered the daily operations of MAF and purported to act as a consultant to it. MAFG marketed the CGAs throughout the United States through a network of commissioned sales agents. The defendant ROBERT ROY DILLIE was the president of MAFG.

d. At the direction of the defendant ROBERT ROY DILLIE, MAF and MAFG opened the following bank accounts in Scottsdale, Arizona:

- MAF Account 0382-7142 at Bank One for the purpose of operating MAF and for the receipt and deposit of investor funds (hereafter “MAF Account 7142”);
- MAF Account 4047-101472 at Wells Fargo for the purpose of making periodic annuity disbursements to investors (hereafter “MAF Account 101472”);
- MAFG Account 0382-6334 at Bank One for the purpose of operating MAFG (hereafter “MAFG Account 6334”);
- MAF Account 72A-04103 at Merrill Lynch for the purpose of receiving and depositing investor funds (hereafter “MAF Account 04103”).

e. In addition, without the knowledge of the other officers and employees of MAF and MAFG, the defendant ROBERT ROY DILLIE caused MAFG Account 0383-0704 to be opened at Bank One (hereafter “MAFG Account 0704” and “the hidden account.”)

f. Also at the direction of the defendant ROBERT ROY DILLIE, MAF opened accounts at such investment entities as Merrill Lynch, Paine Webber and Fidelity Investments for the purpose of placing investor funds for the preservation and accumulation of their investments.

COUNTS 1 - 16
(Wire Fraud)

2. The allegations set forth in paragraph 1 are realleged and incorporated herein.

The Scheme

3. From approximately January, 1997, through October 12, 2001, within the District of Arizona and elsewhere, the defendant ROBERT ROY DILLIE did knowingly execute a scheme and artifice to defraud and to directly and indirectly obtain money from elderly persons, that is the investors who place funds and other assets with MAF, by means of false, fictitious and fraudulent pretenses, representations and promises and through the concealment of material facts, knowing at the time that the pretenses, representations and promises were false, fictitious and fraudulent and that the concealments were material, in violation of Title 18, United States Code, Section 1343.

The Object of the Scheme

4. The defendant ROBERT ROY DILLIE's objective was to divert cash, securities and assets that had been raised from elderly investors to his own personal use, in exchange for the false, fictitious and fraudulent promises to pay them an annuity, safeguard their investment and, upon their death, to transfer the remainder of their investment to the charity of their choice

Means and Methods of the Scheme

5. The defendant ROBERT ROY DILLIE carried out the scheme and artifice to defraud through the following means and methods:

a. by convincing elderly persons that they should invest with MAF on the basis of such false, fictitious and fraudulent statements in brochures and individual investor contracts as:

– MAF would keep their investments safely invested in stocks, bonds, money market funds and federal obligations;

- the assets invested would be placed into accounts managed by professional investment advisors, including Merrill Lynch, in a “conservative and disciplined manner;”
 - the MAF Board of Trustees would ensure that the funds were professionally managed;
 - MAF would pay them and/or another person of their choice a stated amount of money for their lifetime;
 - upon their death, MAF would pay the remainder of their investment to a charity of their choice.
- b. by collecting cash, securities and other assets totaling at least \$52.9 million from elderly persons based upon the false, fictitious and fraudulent representations made above, which monies he caused to be deposited into MAF and MAFG bank accounts;
- c. by diverting at least \$19.2 million of investor funds into MAFG Account 0383-0704 at Bank One in Scottsdale, Arizona, the hidden account not disclosed to investors or other persons, including those employed by MAF and MAFG, for the personal use of the defendant ROBERT ROY DILLIE;
- d. by concealing the scheme by causing MAFG Account 0383-0704 not to be accounted for in MAF’s financial record keeping;
- e. by promoting the scheme by making at least \$3 million in commission payments to agents employed to sell CGAs to investors;
- f. by promoting the scheme by making approximately \$7.9 million in payments to investors as returns on their annuity investments in order to

- lull initial investors into the false impression that their investments were safe and their contracts were being properly administered,
- convince other elderly persons to make their own investments with MAF;

thereby engaging in what is commonly known as a *Ponzi* scheme, which resulted in a loss of approximately \$44 million in annuitants' investments.

6. In furtherance of the scheme and artifice to defraud, the defendant ROBERT ROY DILLIE transmitted and caused to be transmitted by wires traveling in interstate commerce funds from investors who entered into CGAs with MAF, the funds being deposited into MAF Account 7142 at Bank One in Scottsdale, Arizona on or about the dates, from the locations, in the amounts and as purchased by and on behalf of the investors set forth below:

<u>Count</u>	<u>Date of Transmission</u>	<u>Amount Transmitted</u>	<u>Entity Sending Transmission, Location, Investor & CGA Purchased</u>
1	02/18/98	\$ 423,257.73	Bankers Trust Company New York, New York Norman Rockefeller – CGAs 20510, 20511 & 20512
2	05/06/98	\$ 50,000.00	First Bank, NA Minneapolis, Minnesota Elizabeth M. Saultz – CGA 20543
3	10/08/98	\$ 440,558.74	Federal Home Loan Bank Pittsburgh, Pennsylvania Filomena Cima – CGA 20591
4	10/13/98	\$ 285,415.14	Chase Manhattan Bank New York, New York Filomena, Cima – CGA 20591
5	10/21/98	\$ 179,188.50	Union Bank of California Los Angeles, California Floyd Beaver – CGA 20599

6	11/06/98	\$ 33,956.34	American Savings Bank Stockton, California Vera Ceronsky – CGA 20623
7	11/13/98	\$ 50,000.00	Mercantile Bank, N. A. St. Louis, Missouri Jeanne Vincent Fuller – CGA 20621
8	12/21/98	\$ 230,000.00	Commercial Bank Salem, Oregon Stuart & Mary Knutson – CGA 20620
9	01/15/99	\$ 289,652.34	Bank of New York New York, New York Nettie Shaw – CGA 20657
10	01/22/99	\$ 211,000.00	Bank of New York New York, New York Nettie Shaw – CGAs 20656 & 20658
11	08/13/99	\$ 136,087.23	Bank of America, NT&SA Seattle, Washington Steven J. Blacksten – CGA 20681
12	08/13/99	\$ 126,707.70	Bank of America, NT&SA Seattle, Washington Steven J. Blacksten – CGA 20681
13	12/17/99	\$ 305,162.20	Star Bank Cincinnati, Ohio Hugh C. Freisman – CGAs 20688 & 20689
14	01/25/01	\$ 248,506.31	Investors Fiduciary Trust Co. Kansas City, Missouri John Antonuk – CGA 20901
15	04/03/01	\$ 88,690.75	Bank of America, NS&TA San Francisco, California Eugene V. Terry – CGA 20863
16	08/02/01	\$ 167,079.50	First American Trust Co. Santa Ana, California James H. Barnett – CGA 20910

In violation of Title 18, United States Code, Section 1343.

Counts 17 - 20
(Wire Fraud)

7. The allegations set forth in paragraphs 1 and 3 - 5 are realleged and incorporated herein.

8. In furtherance of the scheme and artifice to defraud, the defendant ROBERT ROY DILLIE transmitted and caused to be transmitted by wires traveling in interstate commerce funds from investors who entered into CGAs with MAF, the funds being deposited into MAF Account 04103 at Merrill Lynch in Scottsdale, Arizona on or about the dates, from the locations, in the amounts and as purchased by and on behalf of the investors set forth below:

<u>Count</u>	<u>Date of Transmission</u>	<u>Amount Transmitted</u>	<u>Entity Sending Transmission, Location, Investor & CGA Purchased</u>
17	12/15/99	\$296,140.64	Marine Midland Bank New York, New York Nora Jane Nickel – CGA 20783
18	12/28/99	\$267,704.49	Fleet National Bank Providence, Rhode Island Phyllis Moskowitz – CGA 20800
19	06/08/00	\$70,186.51	Key Bank, N.A. Portland, Oregon Robert Hugh Stark – CGA 20821
20	07/03/00	\$1,039,814.89	The Bank of New York New York, New York Martha Petersen – CGA 20854

In violation of Title 18, United States Code, Section 1343.

COUNTS 21 - 55
(Money Laundering – Concealment of Proceeds)

9. The allegations set forth in Paragraphs 1 and 3 through 5 are realleged and incorporated herein.

10. At various times, the defendant ROBERT ROY DILLIE caused investor funds to be deposited not only into MAF Account 7142 at Bank One and MAF Account 04103 at Merrill Lynch

but also into MAF Account 134-335550 at Fidelity Investments in Boston, Massachusetts (hereafter MAF Account 335550).

11. On or about the dates set forth below, the defendant ROBERT ROY DILLIE, within the District of Arizona and elsewhere, knowing that the property involved in the financial transactions set forth below represented the proceeds of some form of unlawful activity, conducted or attempted to conduct such financial transactions affecting interstate commerce, that is the transfer of investor funds from MAF Account 7142 at Bank One, MAF Account 04103 at Merrill Lynch and MAF Account 134-335550 at Fidelity Investments in Boston, Massachusetts to the hidden account, MAFG Account 0383-0704 at Bank One in Scottsdale, Arizona, on or about the dates and in the amounts set forth below, which transfers in fact involved the proceeds of specified unlawful activities, namely fraud by wire in violation of Title 18, United States Code, Section 1343, with the intent to conceal the location, ownership and control of proceeds of specified unlawful activity:

<u>Count</u>	<u>Date of Transfer</u>	<u>Source of Transfer (MAF Account)</u>	<u>Amount of Transfer</u>
--------------	-------------------------	---	---------------------------

21	02/20/98	Account 335550	\$ 400,000.00
22	03/18/98	Account 335550	\$ 350,000.00
23	04/03/98	Account 335550	\$ 900,000.00
24	04/22/98	Account 7142	\$ 400,000.00
25	06/11/98	Account 335550	\$ 400,000.00
26	06/24/98	Account 335550	\$ 400,000.00
27	06/30/98	Account 335550	\$ 300,000.00
28	07/22/98	Account 335550	\$ 375,000.00
29	02/11/99	Account 335550	\$ 750,000.00
30	03/10/99	Account 335550	\$ 250,000.00
31	03/31/99	Account 7142	\$ 100,000.00

32	04/15/99	Account 335550	\$ 150,000.00
33	04/29/99	Account 335550	\$ 600,000.00
34	06/07/99	Account 335550	\$ 150,000.00
35	06/24/99	Account 7142	\$ 600,000.00
36	08/02/99	Account 335550	\$ 500,000.00
37	10/20/99	Account 335550	\$ 300,000.00
38	10/28/99	Account 04103	\$ 300,000.00
39	10/29/99	Account 335550	\$ 150,000.00
40	11/23/99	Account 04103	\$ 500,000.00
41	12/14/99	Account 04103	\$ 750,000.00
42	01/04/00	Account 335550	\$ 225,000.00
43	01/04/00	Account 04103	\$ 700,000.00
44	02/15/00	Account 04103	\$ 100,000.00
45	02/17/00	Account 04103	\$ 200,000.00
46	02/29/00	Account 04103	\$ 300,000.00
47	03/10/00	Account 335550	\$ 250,000.00
48	04/10/00	Account 04103	\$ 150,000.00
49	05/23/00	Account 335550	\$ 30,000.00
50	08/18/00	Account 335550	\$ 86,000.00
51	04/12/01	Account 04103	\$ 37,000.00
52	05/17/01	Account 04103	\$ 41,000.00
53	08/10/01	Account 04103	\$ 32,000.00
54	09/20/01	Account 04103	\$ 20,000.00
55	10/01/01	Account 335550	\$ 21,100.00

In violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

COUNTS 56 – 95
(Money Laundering – Promoting Unlawful Activity - Commissions)

12. The allegations set forth in Paragraphs 1 and 3 through 5 are realleged and incorporated herein.

13. On or about the dates set forth below, the defendant ROBERT ROY DILLIE, within the District of Arizona and elsewhere, knowing that the property involved in the financial transactions set forth below represented the proceeds of some form of unlawful activity, conducted or attempted to conduct such financial transactions affecting interstate commerce, that is the payment of commissions from MAF Account 7142 at Bank One to agents for the sales of CGAs, which payments in fact involved the proceeds of specified unlawful activity, namely fraud by wire in violation of Title 18, United States Code, Section 1343, with the intent to promote the carrying on of unspecified unlawful activity:

<u>Count</u>	<u>Date</u>	<u>Amount</u>	<u>Transaction</u>	<u>Promotional Purpose (Commissions)</u>
56	03/03/98	\$ 30,601.36	Ch. 2702 to Dwight Lankford	For Sale of CGA 20513 to Edgar Orr
57	05/01/98	\$ 57,006.26	Check 2916 to Fera Shivaee	For Sale of CGA 20528 to Robert G. Valpey
58	05/27/98	\$ 20,000.00	Check 2971 to Patrick Wehrley	For Sale of CGA 20544 to Dorothy F. Culloton
59	06/17/98	\$ 20,000.00	Check 3061 to Patrick Wehrley	For Sale of CGA 20545 to Dorothy F. Culloton
60	07/15/98	\$ 17,298.33	Check 3152 to Patrick Wehrley	For Sale of CGA 20566 to Louise F. Sweeney
61	07/20/98	\$ 27,363.94	Check 3158 to Peter Woodbridge	For Sale of CGA 20573 to Eugene Allen
62	07/23/98	\$ 36,000.00	Check 3167 to Rudy Crosswell	For Sale of CGAs 20558 to Margaret Campbell and 20565 to Mildred C. Berg
63	08/20/98	\$ 15,388.60	Check 3280 to Don Henthorne	For Sale of CGA 20574 to Audrey E. Diaz

64	09/14/98	\$ 18,750.00	Check 3360 to Centaurus Financial, Inc.	For Sale of CGA 20588 to Dwight S. Siler
65	09/17/98	\$ 38,283.06	Check 3398 to Kerher-Frazier Financial	For Sale of CGAs 20585 to Edith Lucklum and 20590 to Walter B. Mortensen
66	10/05/98	\$ 37,727.70	Check 3493 to Sharp Estate Services	For Sale of CGA 20587 to Velda M. Cox
67	10/06/98	\$ 25,151.80	Check 3496 to Dwight Lankford	For Sale of CGA 20587 to Velda M. Cox
68	10/20/98	\$ 18,371.51	Check 3545 to Len Bestgen	For Sale of CGAs 20611 and 20612 to Elizabeth Bright
69	10/27/98	\$ 32,000.00	Check 3555 to Richard Wilson	For Sale of CGA 20591 to Filomina Cima
70	10/27/98	\$ 32,000.00	Check 3556 to Tom Sweeny	For Sale of CGA 20591 to Filomina Cima
71	12/18/98	\$ 74,300.00	Check 3793 to Texas Estate Planners, Inc. (Dwight Lankford)	One Percent Commission Bonus on Sales of CGA
72	12/23/98	\$ 24,000.00	Check 3817 to Len Bestgen	For Sales of CGAs 20645 through 20648 to Helen L. Fetzer
73	12/31/98	\$ 135,000.00	Check 3792 to Texas Estate Planners Inc	Compensation for Sales of CGAs
74	01/18/99	\$ 22,400.00	Check 3936 to Vince Loban	For Sale of CGA 20662 to Homer Stephens
75	01/29/99	\$ 35,702.85	Check 3976 to Heritage Marketing and Insurance Services	For Sale of CGA 20641 to Herman Hansen
76	02/17/99	\$ 35,137.91	Check 4081 to Rudy Crosswell	For Sale of CGA 20675 to Clarence E. White
77	03/08/99	\$ 21,059.27	Check 4218 to Michael McLaughlin	For Sale of CGA 20667 to Andrew D. Stephenson
78	03/30/99	\$ 22,000.00	Check 4312 to Richard Wilson	For Sale of CGA 20687 to Alan J. Vogenberg

79	04/15/99	\$ 22,660.00	Check 4368 to MidAmerica Estate Services LLC	For Sale of CGA 20695 to Leonard C. Menius
80	06/14/99	\$ 31,758.55	Check 4580 to Kerher-Frazier Financial	For Sale of CGA 20704 to Verla M. Park
81	06/29/99	\$ 23,681.10	Check 4686 to MidAmerica Estate Services LLC	For Sale of CGA 20713 to Ru-Chiung Lee
82	07/07/99	\$ 83,120.00	Check 4710 to Summit Financial Group	For Sale of CGA 20685 to Alexander F. Soinski
83	07/16/99	\$ 18,894.79	Check 4740 to John Rada	For Sale of CGA 20714 to Magdalena Scheller
84	08/26/99	\$ 20,216.22	Check 4896 to LTC Insurance Services, Inc.	For Sale of CGA 20732 to Magdalena Scheller
85	08/26/99	\$ 21,023.59	Check 4897 to Ren Bidwell	For Sale of CGA 20681 to Steven James Blacksten
86	09/08/99	\$ 18,107.52	Check 4941 to Paul Richard	For Sale of CGA 20735 to Smith P. Theimann, Jr.
87	10/12/99	\$ 25,217.56	Check 5081 to Paul Richard	For Sale of CGA 20746 to Smith P. Theimann, Jr.
88	10/20/99	\$ 22,096.80	Check 5135 to Tom Palmer	For Sale of CGA 20770 to Gladys Purkiss
89	11/01/99	\$ 17,903.20	Check 5195 to Tom Palmer	For Sale of CGA 20771 to Gladys Purkiss
90	11/11/99	\$ 106,750.15	Check 5228 to MidAmerica Estate Services LLC	For Sale of CGA 20760 to Ronald W. DeDoes
91	12/09/99	\$ 48,690.87	Check 5327 to Richard Wilson	For Sale of CGA 20776 to Alan Vogenberg
92	12/21/99	\$ 40,000.00	Check 5429 to Summit Financial Group	For Sale of CGA 20783 to Nora Jane Nickel
93	12/28/99	\$ 16,062.26	Check 5440 to Windsor Insurance Associates, Inc.	For Sale of CGA 20800 to Phyllis Moskowitz
94	01/05/00	\$ 21,361.36	Check 5455 to Evelyn Alcon	For Sale of CGA 20688 to Hugh C. Freisman

95	01/05/00	\$ 44,805.46	Check 5453 to Paul Richard	For Sale of CGA 20773 to Smith P. Theimann, Jr.
-----------	----------	--------------	----------------------------	---

In violation of Title 18, United States Code, Section 1956(a)(1)(A)(i).

COUNTS 96 – 104

(Money Laundering – Promoting Unlawful Activities - Commissions)

14. The allegations set forth in Paragraphs 1 and 3 through 5 are realleged and incorporated herein.

15. On or about the dates set forth below, the defendant ROBERT ROY DILLIE, within the District of Arizona and elsewhere, knowing that the property involved in the financial transactions set forth below represented the proceeds of some form of unlawful activity, conducted or attempted to conduct such financial transactions affecting interstate commerce, that is the payment of commissions from MAFG Account 0382-6334 at Bank One for the sales of CGAs, which payments in fact involved the proceeds of specified unlawful activity, namely fraud by wire in violation of Title 18, United States Code, Section 1343, with the intent to promote the carrying on of unspecified unlawful activity:

<u>Count</u>	<u>Date</u>	<u>Amount</u>	<u>Transaction</u>	<u>Promotional Purpose (Commissions)</u>
96	01/20/00	\$ 23,995.98	Ch. 6841 to Windsor Insurance Associates Inc	For Sale of CGA 20808 to Ronald Moskowitz
97	01/25/00	\$ 48,003.14	Ch. 6918 to Al Rausch	For Sale of CGAs 20801 and 20802 to Wendall W. Carter
98	04/12/00	\$ 32,443.60	Ch. 7174 to Mayfield Agencies, Inc.	For Sale of CGA 20826 to William Tapolscany
99	05/02/00	\$ 17,786.29	Ch. 7294 to Mayfield Agencies, Inc.	For Sale of CGA 20827 to William Tapolscany

100	05/02/00	\$ 29,622.91	Ch. 7295 to Paul Pichie	For Sale of CGAs 20824 and 20828 to Phyllis Moskowitz
101	06/14/00	\$ 28,254.27	Ch. 7423 to Charles Davis	For Sale of CGA 20845 to Joan Lafond
102	06/21/00	\$ 98,711.39	Ch. 7438 to Charles Davis	For Sale of CGA 20843 to Nicholas P. Fiore
103	12/21/00	\$ 36,555.61	Ch. 8016 to Richard Derk	For Sale of CGA 20883 to Louise Taylor
104	06/07/01	\$ 10,260.00	Ch. 8740 to Mayfield Agencies, Inc.	For Sale of CGAs 20917, 20918 and 20919 to William Doran

In violation of Title 18, United States Code, Section 1956(a)(1)(A)(i).

COUNTS 105 - 134

(Money Laundering – Promoting Unlawful Activity - Annuity Payments)

16. The allegations set forth in Paragraphs 1 and 3 through 5 are realleged and incorporated herein.

17. The defendant ROBERT ROY DILLIE caused the funds to be used to make periodic annuity payments to investors to be withdrawn from Account 7142 at Bank One and MAF Account 72A-04103 at Merrill Lynch and deposited into MAF Account 101472 at Wells Fargo in Scottsdale, Arizona. Deposits into MAF Accounts 7142 and 72A-04103 consisted of funds coming directly from investors. The use of investor deposits to make annuity payments was contrary to the claims made by MAF and MAFG that such funds would be safely invested in stocks, bonds, money market funds and federal obligations. The making of annuity payments was designed to

– lull initial investors into the false impression that their investments were safe and their contracts being properly administered,

– convince other elderly persons to make their own investments with MAF.

18. On or about the dates set forth below, the defendant ROBERT ROY DILLIE, within the District of Arizona and elsewhere, knowing that the property involved in the financial transactions set forth below represented the proceeds of some form of unlawful activity, conducted or attempted to conduct such financial transactions affecting interstate commerce, that is the deposit of funds into MAF Account 4047-101472 at Wells Fargo Bank from MAF Account 72A-04103 and MAF Account 7142, which deposits in fact involved the proceeds of specified unlawful activity, namely fraud by wire in violation of Title 18, United States Code, Section 1343, with the intent to promote the carrying on of unspecified unlawful activity:

<u>Count</u>	<u>Date of Deposit</u>	<u>Amount</u>	<u>Account & Check Number from Transmitting Institution</u>
105	08/30/99	\$ 125,000	MAF Account 7142 – Check 4900
106	09/29/99	\$ 150,000	MAF Account 04103 – Check 0302
107	10/28/99	\$ 100,000	MAF Account 7142 – Check 5179
108	11/01/99	\$ 100,000	MAF Account 7142 – Check 5191
109	11/30/99	\$ 110,000	MAF Account 7142 – Check 5279
110	12/11/99	\$ 25,000	MAF Account 7142 – Check 5294
111	12/30/99	\$ 200,000	MAF Account 04103 – Check 0319
112	01/01/00	\$ 10,000	MAF Account 7142 – Check 5448
113	01/26/00	\$ 100,000	MAF Account 04103 – Check 0327
114	02/02/00	\$ 30,000	MAF Account 7142 – Check 5493
115	02/28/00	\$ 200,000	MAF Account 04103 – Check 0340
116	04/03/00	\$ 200,000	MAF Account 7142 – Check 5518
117	04/27/00	\$ 200,000	MAF Account 7142 – Check 5535
118	05/30/00	\$ 250,000	MAF Account 04103 – Check 0349
119	07/05/00	\$ 75,000	MAF Account 7142 – Check 5564

120	07/24/00	\$ 200,000	MAF Account 04103 – Check 0380
121	09/27/00	\$ 200,000	MAF Account 04103 – Check 0390
122	10/31/00	\$ 250,000	MAF Account 04103 – Check 0399
123	11/29/00	\$ 225,000	MAF Account 7142 – Check 5615
124	12/27/00	\$ 450,000	MAF Account 7142 – Check 5647
125	01/30/01	\$ 130,000	MAF Account 7142 – Check 5685
126	01/30/01	\$ 45,000	MAF Account 04103 – Check 0464
127	02/28/01	\$ 75,000	MAF Account 7142 – Check 5695
128	02/28/01	\$ 210,000	MAF Account 04103 – Check 0469
129	03/25/01	\$ 275,000	MAF Account 04103 – Check 0478
130	04/27/01	\$ 280,000	MAF Account 04103 – Check 0483
131	06/01/01	\$ 250,000	MAF Account 7142 – Wire Transfer
132	06/28/01	\$ 310,000	MAF Account 7142 – Check 5738
133	07/30/01	\$ 235,000	MAF Account 7142 – Check 5745
134	08/28/01	\$ 230,000	MAF Account 7142 – Check 5756

In violation of Title 18, United States Code, Section 1956(a)(1)(A)(i).

COUNTS 135 - 192
(Money Laundering – Transactional)

19. The allegations set forth in paragraphs 1 and 3 through 5 are realleged and incorporated herein.

20. Between approximately February 20, 1998, and October 5, 2001, the defendant ROBERT ROY DILLIE diverted funds belonging to investors having CGA contracts with MAF, including but not limited to the following expenditures of such funds for his personal benefit:

- approximately \$8,322,000 for gambling at Caesar’s Palace casino in Las Vegas, Nevada.
- approximately \$815,000 for gambling at MGM casino in Las Vegas, Nevada;

- approximately \$1,135,400 for gambling at various other casinos in Las Vegas, Nevada;
- approximately \$619,000 in payments to himself;
- approximately \$595,000 toward the purchase of a residence in Las Vegas, Nevada costing \$1,566,562.49;
- approximately \$51,684.38 for the purchase of a Mercedes Benz automobile.

21. On or about the dates set forth below, in the District of Arizona and elsewhere, the defendant ROBERT ROY DILLIE, did knowingly engage and attempt to engage in a monetary transaction by, through or to a financial institution, that is the use of funds contained in the hidden MAFG Account 0383-0704 at Bank One in Scottsdale, Arizona, as paid to or for the benefit of the entities listed below, which transaction affected interstate commerce and which consisted of criminally derived property of a value greater than \$10,000.00, such property having been derived from a specified unlawful activity, namely fraud by wire in violation of Title 18, United States Code, Section 1343.

<u>Count</u>	<u>Date</u>	<u>Amount</u>	<u>Payee / Beneficiary</u>
135	02/20/98	\$ 350,000	Caesar's Palace Casino
136	03/20/98	\$ 150,000	Caesar's Palace Casino
137	04/07/98	\$ 550,000	Caesar's Palace Casino
138	04/24/98	\$ 400,000	Caesar's Palace Casino
139	05/22/98	\$ 150,000	Caesar's Palace Casino
140	06/25/98	\$ 400,000	Caesar's Palace Casino
141	07/24/98	\$ 400,000	Caesar's Palace Casino
142	08/07/98	\$ 400,000	Caesar's Palace Casino
143	08/28/98	\$ 100,000	Caesar's Palace Casino

144	09/24/98	\$ 100,000	Caesar's Palace Casino
145	09/30/98	\$ 50,000	Caesar's Palace Casino
146	10/17/98	\$ 120,000	Caesar's Palace Casino
147	10/29/98	\$ 510,000	Caesar's Palace Casino
148	11/20/98	\$ 300,000	Caesar's Palace Casino
149	12/30/98	\$ 400,000	Caesar's Palace Casino
150	01/15/99	\$ 40,000	Caesar's Palace Casino
151	01/27/99	\$ 70,000	Caesar's Palace Casino
152	02/12/99	\$ 650,000	Caesar's Palace Casino
153	03/01/99	\$ 50,000	Caesar's Palace Casino
154	03/10/99	\$ 200,000	Caesar's Palace Casino
155	03/18/99	\$ 51,684.38	Mercedes Benz
156	04/15/99	\$ 50,000	Caesar's Palace Casino
157	04/15/99	\$ 125,000	Sunset Station Casino
158	05/06/99	\$ 100,000	Caesar's Palace Casino
159	05/10/99	\$ 300,000	Caesar's Palace Casino
160	06/18/99	\$ 25,000	Caesar's Palace Casino
161	06/24/99	\$ 650,000	Caesar's Palace Casino
162	07/15/99	\$ 40,000	Caesar's Palace Casino
163	08/06/99	\$ 100,000	Robert R. Dillie
164	08/06/99	\$ 100,000	Caesar's Palace Casino
165	08/16/99	\$ 40,000	Robert R. Dillie
166	10/20/99	\$ 250,000	Robert R. Dillie
167	10/28/99	\$ 275,000	Caesar's Palace Casino
168	10/28/99	\$ 175,000	Caesar's Palace Casino
169	11/23/99	\$ 300,000	Caesar's Palace Casino
170	12/06/99	\$ 175,000	MGM Grand Casino
171	12/13/99	\$ 165,000	MGM Grand Casino

172	12/15/99	\$ 310,000	Caesar's Palace Casino
173	12/23/99	\$ 50,000	Caesar's Palace Casino
174	12/27/99	\$ 220,000	Caesar's Palace Casino
175	01/01/00	\$ 100,000	Caesar's Palace Casino
176	01/03/00	\$ 200,000	MGM Grand Casino
177	01/05/00	\$ 50,000	Sunset Station Casino
178	01/08/00	\$ 25,000	MGM Grand Casino
179	01/24/00	\$ 50,000	United Title – L. V. Residence
180	01/25/00	\$ 50,000	MGM Grand Casino
181	01/28/00	\$ 50,000	Caesar's Palace Casino
182	02/01/00	\$ 30,000	Caesar's Palace Casino
183	02/08/00	\$ 15,000	Mandalay Bay Casino
184	02/09/00	\$ 50,000	Caesar's Palace Casino
185	02/10/00	\$ 50,000	Caesar's Palace Casino
186	02/14/00	\$ 200,000	MGM Grand Casino
187	02/27/00	\$ 270,000	United Title – L. V. Residence
188	03/08/00	\$ 50,000	Caesar's Palace Casino
189	03/13/00	\$ 50,000	Sunset Station Casino
190	03/24/00	\$ 100,000	Mandalay Bay Casino
191	04/03/00	\$ 100,000	Rio Casino
192	10/05/01	\$ 15,000	Robert R. Dillie

In violation of Title 18, United States Code, Section 1957.

COUNT 193
(Money Laundering – Transactional)

22. The allegations set forth in paragraphs 1 and 3 through 5 and 20 are realleged and incorporated herein.

23. On or about May 17, 2000, in the District of Arizona and elsewhere, the defendant ROBERT ROY DILLIE, did knowingly engage and attempt to engage in a monetary transaction by, through or to a financial institution, that is the use of \$275,000 in funds contained in MAF Account 04103 at Merrill Lynch in Scottsdale, Arizona, paid to United Title for the Las Vegas residence, which transaction affected interstate commerce and which consisted of criminally derived property of a value greater than \$10,000.00, such property having been derived from a specified unlawful activity, that is wire fraud in violation of Title 18, United States Code, Section 1343.

In violation of Title 18, United States Code, Section 1957.

FORFEITURE ALLEGATIONS

24. Pursuant to 18 U.S.C. § 981(a)(1)(C); and 28 U.S.C. § 2461 and as a result of committing one or more of the offenses charged in Counts 1-20 of this Indictment, Defendant ROBERT ROY DILLIE shall forfeit to the United States, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offense, including but not limited to the following: \$11,538,084.49 in U.S. currency and all interest and proceeds traceable thereto, in that such sum in aggregate is property which was involved in the aforestated offenses or is traceable to such property, in violation of Title 18, United States Code, Section § 981(a)(1)(C) and 28 U.S.C. § 2461.

25. As the result of committing one or more of the money laundering offenses in violation of 18 U.S.C. § 1956 or 1957, alleged in Counts 21-187 of this Indictment, Defendant ROBERT ROY DILLIE shall forfeit to the United States pursuant to 18 U.S.C. § 982(a)(1):

(a) All right, title, and interest in any and all property involved in each offense in violation of Title 18, United States Code, Section 1956 or 1957, or conspiracy to commit such offense, for

which the defendant is convicted, and all property traceable to such property, including the following: 1) all money or other property that was the subject of each transaction, transportation, transmission or transfer in violation of Section 1956(a)(1) or (2) or 1957; 2) all commissions, fees and other property constituting proceeds obtained as a result of those violations; and 3) all property used in any manner or part to commit or to facilitate the commission of those violations including, but not limited to the following:

(b) A sum of money equal to the total amount of money involved in each offense, or conspiracy to commit such offense, for which the defendant is convicted. If more than one defendant is convicted of an offense, the defendants so convicted are jointly and severally liable for the amount involved in such offense.

26. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b), and 28 U.S.C. Section 2461, Defendant ROBERT ROY DILLIE shall forfeit substitute property, up to the value of the amount described above, if, by any act or omission of the defendant, the property described above, or any portion thereof, cannot be located upon the exercise of due diligence; has been transferred, sold to or deposited with a third party; has been placed beyond the jurisdiction of the court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty.

All in accordance with Title 18, United States Code, Sections 981 and 982(a)(1); 28 United States Code, Section 2461; 18 U.S.C. Section 1343 and Rule 32.2(a), Federal Rules of Criminal Procedure.

A TRUE BILL

FOREPERSON OF THE GRAND JURY

Date: February 6, 2003

PAUL K. CHARLTON
United States Attorney
District of Arizona

DAVID EISENBERG
Assistant U.S. Attorney